

NORDSTROM INC
Form DEF 14A
April 12, 2007
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials

.. Soliciting Material Pursuant to §240.14a-12

NORDSTROM, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

Edgar Filing: NORDSTROM INC - Form DEF 14A

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

April 12, 2007

Dear Shareholder:

On behalf of the Board of Directors and all of us on the management team, we invite you to attend the 2007 Annual Meeting of Shareholders on Tuesday, May 22, 2007, at 11:00 a.m., Pacific Daylight Time, to be held in the John W. Nordstrom Room, Downtown Seattle Nordstrom, 1617 Sixth Avenue, 5th Floor, Seattle, Washington, 98101-1707.

In addition to the topics described in the Notice of Annual Meeting and Proxy Statement, we will share our progress and there will be an opportunity to ask questions of interest to you as a valued shareholder and customer.

Sincerely,

Blake W. Nordstrom

President

Table of Contents**Table of Contents**

<u>Notice of Annual Meeting of Shareholders</u>	1
<u>Commonly Asked Questions and Answers About the Annual Meeting</u>	2
<u>Proposals to Be Voted Upon</u>	6
<u>Proposal 1: Election of Directors</u>	6
<u>Proposal 2: Ratification of the Appointment of Independent Registered Public Accounting Firm</u>	7
<u>Other Matters</u>	8
<u>Corporate Governance</u>	9
<u>Director Independence</u>	9
<u>Board Committees</u>	9
<u>Board Meetings</u>	11
<u>Attendance at the Annual Meeting of Shareholders</u>	11
<u>Non-Executive Chairman of the Board and Presiding Director</u>	11
<u>Director Nominating Process</u>	12
<u>Director Compensation</u>	13
<u>Compensation Committee Interlocks and Insider Participation</u>	16
<u>Communications with Directors</u>	16
<u>Director Elections – Majority Voting Standard</u>	17
<u>Codes of Business Conduct and Ethics</u>	17
<u>Website Access to Corporate Governance Documents</u>	17
<u>Audit Committee Report</u>	17
<u>Executive Officers</u>	19
<u>Compensation of Executive Officers</u>	22
<u>Compensation Discussion and Analysis</u>	22
<u>Compensation Committee Report</u>	37
<u>Summary Compensation Table for Fiscal Year 2006</u>	38
<u>Grants of Plan-Based Awards During Fiscal Year 2006</u>	41
<u>Outstanding Equity Awards at February 3, 2007</u>	43
<u>Option Exercises and Stock Vested in Fiscal Year 2006</u>	46
<u>Pension Benefits in Fiscal Year 2006</u>	46
<u>Nonqualified Deferred Compensation in Fiscal Year 2006</u>	48
<u>Potential Payments Upon Termination or Change in Control</u>	50
<u>Equity Compensation Plans</u>	54
<u>Security Ownership of Certain Beneficial Owners and Management</u>	55
<u>Stock Ownership and Guidelines</u>	55
<u>Beneficial Ownership Table</u>	55
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	58
<u>Certain Relationships and Related Transactions</u>	59

Table of Contents

Nordstrom, Inc.

1617 Sixth Avenue

Seattle, Washington

98101-1707

Notice of Annual Meeting of Shareholders

To the Shareholders of Nordstrom, Inc.:

The 2007 Annual Meeting of Shareholders of Nordstrom, Inc. will be held on Tuesday, May 22, 2007, at 11:00 a.m., Pacific Daylight Time, in the John W. Nordstrom Room, Downtown Seattle Nordstrom, 1617 Sixth Avenue, 5th Floor, Seattle, Washington, 98101-1707.

The meeting will be held for the following purposes:

1. To elect nine Directors to hold office until the next Annual Meeting of Shareholders and until their successors are duly elected and qualified;
2. To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm; and
3. To transact such other business as may properly come before the meeting and at any convening or reconvening of the meeting following a postponement or adjournment of the meeting.

The Board recommends that shareholders vote FOR proposals 1 and 2 as outlined in this proxy statement.

Holders of shares of Nordstrom Common Stock (Common Stock) of record at the close of business on March 14, 2007 are entitled to notice of, and to vote on, the matters that will be presented at the meeting. There were 257,674,983 shares of Common Stock issued and outstanding as of March 14, 2007.

Shareholders are invited to attend the 2007 Annual Meeting of Shareholders in person. Those who are hearing impaired or require other assistance should contact the Corporate Secretary's office at 206-303-2541 so that we may provide the facilities you need to participate at the meeting.

A live webcast of the 2007 Annual Meeting of Shareholders will be provided from the Company's Investor Relations website at www.nordstrom.com. Go to *Investor Relations*, then click the *Webcast* icon and follow the instructions given. Additionally, the recorded webcast will be available on the Investor Relations website for a period of 30 days following the 2007 Annual Meeting of

Edgar Filing: NORDSTROM INC - Form DEF 14A

Shareholders.

The Company is concurrently mailing a copy of its 2006 Annual Report on Form 10-K to all shareholders of record as of March 14, 2007. The approximate date of mailing for this notice, proxy statement and proxy card is April 12, 2007.

YOUR VOTE IS VERY IMPORTANT. Whether or not you intend to be present at the meeting, you are encouraged to vote.

By order of the Board of Directors,

Blake W. Nordstrom

President

Seattle, Washington

April 12, 2007

Table of Contents

Commonly Asked Questions and Answers About the Annual Meeting

1. Why am I receiving these materials?

You are receiving these materials because you are a shareholder of Nordstrom, Inc. and are entitled to receive notice of the 2007 Annual Meeting of Shareholders and to vote on matters that will be presented at the meeting.

2. What is the purpose of the Annual Meeting?

Our shareholders meet annually to elect directors and to make decisions about other matters that are presented at the meeting. In addition, management will report on the performance of the Company and respond to questions from shareholders.

3. What is a proxy?

If you designate another person to vote your stock, that other person is called a proxy. If you designate someone as your proxy in a written document, that document is also called a proxy or a proxy card. If you complete the enclosed proxy card to give us your proxy, you will have designated Blake W. Nordstrom, President of the Company, and Michael G. Koppel, an Executive Vice President and our Chief Financial Officer, as your proxies to vote your shares as directed.

4. What is the purpose of this proxy statement?

This proxy statement provides information regarding matters to be voted on by shareholders at the Annual Meeting and other information regarding the governance of the Company.

5. What does it mean if I receive more than one package of proxy materials?

This means that you have multiple accounts holding Nordstrom shares. These may include: accounts with our transfer agent, Mellon Investor Services LLC; accounts holding shares that you have purchased under the Company's 401(k) Plan & Profit Sharing, stock option or employee stock purchase plans; and accounts with a broker, bank or other holder of record. Please vote all proxy cards and voting instruction forms that you receive with each package of proxy materials to ensure that all of your shares are voted.

6. What is the record date and what does it mean?

The record date for the 2007 Annual Meeting of Shareholders is March 14, 2007. Owners of Common Stock at the close of business on the record date are entitled to receive notice of the Annual Meeting and to vote at the meeting.

7. Is there a minimum number of shares that must be represented in person or by proxy to hold the Annual Meeting?

Yes. A quorum is the number of shares that must be present to conduct business at the Annual Meeting. The quorum requirement is shares that represent a majority of the outstanding shares as of the record date. Shares necessary to meet the quorum requirement may be present in person or represented by proxy.

Your shares will be counted to determine whether there is a quorum if you submit a valid proxy card, voting instruction form, give proper instructions over the telephone or on the Internet, or attend the Annual Meeting in person.

8. Who can vote on matters that will be presented at the Annual Meeting?

You can vote if you were a registered or beneficial shareholder of the Company at the close of business on the record date of March 14, 2007.

Table of Contents

9. What is the difference between a registered shareholder and a beneficial shareholder?

Many Nordstrom shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own names. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Registered Shareholder: If your shares are registered directly in your name with the Company's transfer agent, Mellon Investor Services LLC, you are considered, with respect to those shares, the shareholder of record or a registered shareholder, and these proxy materials are being sent directly to you by the Company. As the shareholder of record, you have the right to grant your voting proxy directly to the Company or to vote in person at the Annual Meeting.

Beneficial Shareholder: If your shares are held in a stock brokerage account or by a bank, trustee or nominee, you are considered the beneficial shareholder of shares held in street name, and these proxy materials are being forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the shareholder of record. As the beneficial owner you have the right to direct your broker, bank or other holder of record on how to vote your shares and you are invited to attend the meeting. Your broker, bank, trustee or nominee is obligated to provide you with a voting instruction form for you to use.

10. How many votes am I entitled to per share?

Each share of Common Stock is entitled to one vote on each matter properly presented at the Annual Meeting.

11. Who will count the vote?

Broadridge Financial Solutions, Inc., formerly ADP Investor Communication Services, was appointed by the Board of Directors to tabulate the vote and act as Inspector of Election. Information about Broadridge is available at www.broadridge.com. Proxies and ballots that identify the votes of individual shareholders are kept confidential from the Company's management and Directors. Only Broadridge, as the proxy solicitor, the proxy tabulator and the Inspector of Election, has access to the ballots, proxy forms and voting instructions. Broadridge will disclose information taken from the ballots, proxy forms and voting instructions only in the event of a proxy contest or as otherwise required by law.

12. How do I cast my vote?

Registered Shareholders: There are three ways you can cast your vote:

complete and properly sign the proxy card and return it to Broadridge in the postage paid envelope provided. If voting by mail, please allow sufficient time for the postal service to deliver your proxy card to Broadridge before the meeting;

vote by telephone or on the Internet by following the instructions included on your proxy card; or

attend the meeting and deliver your completed proxy card or complete a ballot in person.

Beneficial Shareholders: Your proxy materials include a voting instruction form from the institution holding your shares. The availability of telephone or Internet voting will depend upon the institution's voting processes. You may also vote in person at the Annual Meeting if you obtain a legal proxy from the institution holding your shares. Please contact the institution holding your shares for information.

Shareholders holding shares invested in the Company's 401(k) Plan & Profit Sharing: If you participate in the Company's 401(k) Plan & Profit Sharing, the number of shares of Common Stock in your account as of the record date are reflected on your proxy card and may be voted as described above for Registered Shareholders.

Shareholders holding shares purchased through the Company's Employee Stock Purchase Plan: If you hold Common Stock that you acquired through the Nordstrom, Inc. Employee Stock Purchase Plan, you are the beneficial owner of those shares and your shares may be voted as described above for Beneficial Shareholders.

Table of Contents

13. What is the voting requirement to approve each of the proposals?

Under Washington corporation law and the Company's Articles of Incorporation and Bylaws, the approval of any corporate action taken at a shareholder meeting is based on votes cast. Votes cast means votes actually cast for or against a particular proposal, whether by proxy or in person. Abstentions and broker non-votes (a broker non-vote is explained in the answer to Question 15) are not considered votes cast.

In the Election of Directors, the nine persons receiving the highest number of votes cast by the shares entitled to vote at the meeting will be elected. However, as described in more detail on page 17 under Director Elections Majority Voting Standard, any incumbent Director nominee who receives more withhold than for votes must tender his or her resignation for consideration by the Corporate Governance and Nominating Committee and the Board. The Corporate Governance and Nominating Committee is then required to make a recommendation to the Board as to whether to accept or reject the tendered resignation. Our Board would then act on the tendered resignation and publicly disclose its decision within 90 days of certification of the election results.

All other proposals to be presented at the meeting will be adopted if the votes cast in favor of the respective action exceed the votes cast against it.

14. Can I change my mind after I vote?

Yes, if you vote by proxy, you may revoke that proxy at any time before it is voted at the meeting.

You may do this by:

voting again on the Internet or by telephone prior to the meeting;

signing another proxy card with a later date and mailing it to Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, NY 11717, prior to the meeting; or

attending the meeting in person and delivering your proxy or casting a ballot.

15. What if I return my proxy card or voting instruction form but do not provide voting instructions?

Registered Shareholders: If you are a registered shareholder and do not return your voted proxy card or vote by phone or the Internet, or if you submit your proxy card with an unclear voting designation or no voting designation at all, your shares will not be voted.

Beneficial Shareholders: Your shares may be voted if they are held in the name of a broker, bank or other intermediary, even if you do not provide the holder with voting instructions. Brokerage firms and banks generally have the authority, under New York Stock Exchange (NYSE) rules, to vote shares on certain routine matters for which their customers do not provide voting instructions. Of the two proposals to be presented at the Annual Meeting of Shareholders, Proposal 1 Election of Directors, and Proposal 2 Ratification of the Appointment of Independent Registered Public Accounting Firm, are considered routine matters. Any other matter which may be presented at the meeting (see Other Matters , page 8), is not considered routine. When a proposal is not a routine matter and the institution holding the shares has not received voting instructions from the beneficial owner of the shares with respect to those proposals, the institution cannot vote the shares on that proposal. This is called a broker non-vote. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes will not be included in vote totals and will have no effect on the outcome of any vote.

Shareholders with shares invested in the Company s 401(k) Plan & Profit Sharing: If your vote of Common Stock held through the Company s 401(k) Plan & Profit Sharing is not received by 2:00 p.m. Pacific Daylight Time on May 18, 2007, then the Company s Retirement Committee will vote your shares in the same proportion as shares that have been voted in the 401(k) Plan & Profit Sharing.

16. Will abstentions or broker non-votes affect the voting results?

If you abstain from voting on a proposal, or if a broker or bank indicates it does not have discretionary authority to vote on a proposal, the shares will be counted for the purpose of determining if a quorum is

Table of Contents

present, but will not be included in the vote totals with respect to the proposal. Any abstention or broker non-vote (a broker non-vote is explained in the answer to Question 15) will have the effect of voting against a nominee in the election of Directors, but will have no effect on the remaining proposals to be considered at the meeting since this action does not represent votes cast by shareholders.

17. Where can I find the voting results of the Annual Meeting?

We intend to announce preliminary voting results at the Annual Meeting and publish final results in our quarterly report on Form 10-Q (Part II, Item 4) for the second quarter ending August 4, 2007 and online at www.nordstrom.com. Go to *Investor Relations*, then click *Financial Reports*, then click *Proxy Statements & Other Reports*.

18. How does a shareholder propose actions for consideration at next year's Annual Meeting of Shareholders?

For your proposal to be considered for inclusion in our proxy statement for next year's Annual Meeting, we must receive your written proposal no later than December 13, 2007. You should be aware that your proposal must comply with Securities and Exchange Commission (SEC) regulations regarding inclusion of shareholder proposals in company-sponsored proxy materials.

Similarly, in order for you to raise a proposal (including director nominations) from the floor during next year's meeting, we must receive written notice of the proposal between January 23, 2008 and February 22, 2008, and it must contain information required by the Company's Bylaws, as described in the Director Nominating Process on page 12 of this proxy statement.

Please mail your proposals to the attention of the Corporate Secretary, 1700 Seventh Avenue, Seattle, Washington 98101-1397.

19. Can I receive future proxy materials online?

Yes. If you choose this option you will not receive paper copies of the proxy statement and annual report in the mail. Choosing this option will save the Company printing and mailing costs and may benefit the environment.

You may sign up to receive future proxy materials online at www.nordstrom.com. Go to *Investor Relations*, then click *Proxy E-Delivery*. If you are both a registered shareholder and a beneficial shareholder you must sign up for each category. Your choice to receive Internet distribution of your proxy materials will remain in effect until you revoke it by returning to the site and clicking the *Change/Cancel Existing Enrollment* link.

20. Who will bear the costs of this proxy solicitation?

The Company will bear the cost of this proxy solicitation, including reimbursing banks and brokers for reasonable expenses of sending out proxy materials to beneficial shareholders.

21. What if I have additional questions that are not addressed here?

You may call Investor Relations at 206-303-3200, e-mail Investor Relations at invrelations@nordstrom.com, or call the Office of the Corporate Secretary at 206-303-2542.

[Table of Contents](#)**Proposals To Be Voted Upon****Proposal 1
Election of Directors****The Board of Directors recommends a vote FOR each nominee.**

Nine Directors will be elected at the 2007 Annual Meeting of Shareholders, each to hold office until the next Annual Meeting and until a successor has been duly elected and qualified. All of the nominees listed below are currently Directors of the Company. If any nominee becomes unavailable for any reason, or if a vacancy should occur before the election, the persons named as proxies (see Question 3 on page 2) may vote for a person to be selected by the Board of Directors.

Information related to the Director nominees as of March 14, 2007 is set forth below:

Name and Age	Principal Occupation and Business	Director Since
Phyllis J. Campbell Age 55	President and Chief Executive Officer of The Seattle Foundation, a community-based philanthropic organization. Former President of US Bank of Washington, a division of US Bancorp. Ms. Campbell is also a director of Puget Sound Energy, Inc. and Alaska Air Group, Inc.	2004
Enrique Hernandez, Jr. Age 51	President and Chief Executive Officer of Inter-Con Security Systems, Inc., a worldwide security and facility support services provider, and Co-Founder and Principal Partner of Interspan Communications, a television broadcasting company serving Spanish-speaking audiences. Mr. Hernandez is also a director of McDonald's Corporation, Wells Fargo & Company and Tribune Company.	1997
Jeanne P. Jackson Age 55	Founder and General Partner of MSP Capital, a consulting and investment firm. Former Chief Executive Officer of Walmart.com, an on-line retailer, former President and Chief Executive Officer of Banana Republic, a division of Gap, Inc., a retail clothing chain, and former President and Chief Executive Officer of Gap Inc. Direct, another division of Gap, Inc. Ms. Jackson is also a director of McDonald's Corporation and Nike, Inc.	2002
Robert G. Miller Age 62	Chief Executive Officer of Albertson's, LLC, a retail grocery chain, and Chairman of the Board of Rite Aid Corporation, a retail pharmacy chain. Former Chief Executive Officer of Rite Aid Corporation and former Vice Chairman and Chief Operating Officer of The Kroger Co., a grocery supermarket company. Mr. Miller is also a director of Harrah's Entertainment, Inc.	2005
Blake W. Nordstrom Age 46 (a)	President of the Company. Mr. Nordstrom is also a director of the Federal Reserve Bank of San Francisco.	2005
Erik B. Nordstrom Age 43 (a)	Executive Vice President of the Company and President Stores.	2006
Peter E. Nordstrom Age 45 (a)	Executive Vice President of the Company and President Merchandising.	2006
Philip G. Satre	A private investor. Former Chairman of the Board and Chief Executive Officer of Harrah's Entertainment, Inc., a provider of branded casino entertainment. Mr. Satre is also a director of Rite Aid Corporation, Sierra Pacific Resources and Tabcorp Holding Ltd. (Australia).	2006

Edgar Filing: NORDSTROM INC - Form DEF 14A

Age 57

Alison A. Winter

Founder of Braintree Holdings, LLC, a private investments and consulting services firm. Retired President and Chief Executive Officer, and member of the Management Committee, for Northeast Personal Financial Services with The Northern Trust Corporation, a provider of banking and trust services for individuals, institutions and corporations. Former President for Midwest Personal Financial Services with The Northern Trust Corporation and former President and Chief Executive Officer of the Northern Trust of California.

2001

Age 60

Table of Contents

(a) Blake W. Nordstrom, Erik B. Nordstrom and Peter E. Nordstrom are brothers and the second cousins of James F. Nordstrom, Jr., an Executive Vice President of the Company.

Proposal 2**The Board of Directors recommends a vote FOR this proposal****Ratification of the Appointment of Independent Registered Public Accounting Firm**

Consistent with the NYSE and SEC rules, the Company's independent registered public accounting firm is selected by the Audit Committee of the Board of Directors. The Board of Directors, acting upon the recommendation of the Audit Committee, has appointed Deloitte & Touche LLP (Deloitte) to be the Company's independent registered public accounting firm for the fiscal year ending February 2, 2008. Deloitte and its predecessors have served as the

Company's independent registered public accounting firm for over thirty-five years, including the fiscal year ended February 3, 2007.

As a matter of good corporate practice to provide shareholders an avenue to express their views on this matter, the Board has determined to seek shareholder ratification of Deloitte's appointment at this time. If the shareholders do not ratify the appointment of Deloitte, the Board will reconsider the appointment of the independent registered public accounting firm. A representative of Deloitte will be present at the Annual Meeting, will have the opportunity to make a statement if he or she so desires, and will be available to respond to questions.

Audit Fees. The following table summarizes Deloitte fees billed or expected to be billed in connection with services for the fiscal years ended February 3, 2007 and January 28, 2006:

	February 3,	% of Total Fees	January 28,	% of Total Fees
Fiscal Year Ended:	2007	for Year	2006	for Year
Audit Fees (a)	\$1,997,594	85%	\$2,031,057	95%
Audit-Related Fees (b)	62,750	3%	67,016	3%
Tax Fees (c)	278,985	12%	40,823	2%
All Other Fees (d)	3,000	0%	3,000	0%
	\$2,342,329	100%	\$2,141,896	100%

(a) Audit fees primarily included services for (i) auditing the consolidated financial statements of the Company and the separate financial statements of two of the Company's wholly owned subsidiaries, Nordstrom fsb and Façonnable SAS; (ii) reviewing the interim financial information of the Company included in its Form 10-Qs; (iii) auditing the Company's internal control over financial reporting; (iv) attesting to management's report on the effectiveness of internal control over financial reporting; (v) providing services that are customarily provided by the auditor in connection with statutory and regulatory filings or engagements. Substantially all of Deloitte's work on these audits was performed by full time, regular employees and partners of Deloitte and its affiliates.

(b) Audit-related fees are fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and internal control over financial reporting.

(c) Tax fees include analysis of (i) the income tax basis of our fixed assets and (ii) foreign income taxes.

(d) All other fees consist of an accounting research tool subscription fee.

Pre-Approval Policy

Consistent with SEC policies regarding auditor independence, the services performed by Deloitte for the fiscal years ended January 28, 2006 and February 3, 2007 were pre-approved in accordance with the pre-approval policy and procedures adopted by the Audit Committee. This policy is regularly reviewed and updated. It describes the permitted audit, audit-related, tax, and other services that Deloitte may perform. Normally, pre-approval is provided at regularly scheduled Audit Committee meetings. However, the authority to grant

Table of Contents

specific pre-approval between meetings, as necessary, has been assigned to the Chair of the Audit Committee. The Chair must update the Audit Committee at the next regularly scheduled meeting of any services that were pre-approved between meetings.

In addition, the Audit Committee requests a range of fees associated with each proposed service. Providing a range of fees for a service incorporates appropriate oversight and control of the Deloitte relationship, while permitting the Company to receive immediate assistance from Deloitte when time is of the essence.

The Committee also reviews, at each of its regularly scheduled meetings:

a listing of approved services since its last review;

a report summarizing the year-to-date services provided by Deloitte, including fees paid for those services; and

a projection for the current fiscal year of estimated fees.

In addition, the policy prohibits the Company from engaging the independent registered public accountants for services billed on a contingent fee basis and from hiring current or former employees of the independent auditor who have not satisfied the statutory cooling-off period.

Other Matters

The Board of Directors knows of no other matters that will be presented at the 2007 Annual Meeting of Shareholders. However, if any other matters are properly presented at the Annual Meeting or any convening or reconvening of the Annual Meeting upon an adjournment or postponement of the Annual Meeting, it is the intention of the persons named as proxies to vote in accordance with their best judgment.

Table of Contents**Corporate Governance****Director Independence**

A Director is independent when our Board affirmatively determines that he or she has no material relationship with the Company, other than as a director. Our

Board makes this determination in accordance with the standards set forth in our Corporate Governance Guidelines, which are consistent with the listing standards of the NYSE and SEC rules. The Board of Directors has affirmatively determined that the following Directors are independent within the meaning of SEC rules, the listing standards of the NYSE and the Company's Corporate Governance Guidelines, and that none of these Directors have a material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a material relationship with the Company.)

Phyllis J. Campbell
Enrique Hernandez, Jr.
Jeanne P. Jackson

Robert G. Miller
Philip G. Satre
Alison A. Winter

Board Committees

The members of the Board of Directors as of the date of this proxy statement, and the Committees of the Board on which they serve, are indicated below. Our

Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee consist entirely of independent Directors. Committee Charters and current Committee membership are posted on our website at www.nordstrom.com. Go to *Investor Relations*, then *Corporate Governance*.

Director	Corporate Governance and				
	Audit	Compensation	Nominating	Executive	Finance
	Committee	Committee	Committee	Committee	Committee
Phyllis J. Campbell	X*				X
Enrique Hernandez, Jr.		X	X*	X*	
Jeanne P. Jackson	X	X			X*
Robert G. Miller	X	X			X
Blake W. Nordstrom				X	
Erik B. Nordstrom				X	
Peter E. Nordstrom				X	X
Philip G. Satre	X		X		X
Alison A. Winter	X	X*	X		

* Committee Chair

Audit Committee. During the past fiscal year the Audit Committee held four regularly scheduled meetings and conducted six others via teleconference. The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibility by reviewing and appraising the following:

the accounting, auditing and financial reporting processes of the Company;

the management of business and financial risk and the internal controls environment;

the Company's compliance with legal and regulatory requirements;

the effectiveness and efficiency of operations;

the integrity of the Company's financial statements;

reports resulting from the performance of audits by Deloitte and the internal auditors;

the qualifications, independence and performance of Deloitte;

Table of Contents

the performance of the Company's internal audit function;

complaints registered through the Company's Whistleblower Hotline; and

the performance of the Company's Disclosure Committee.

The Audit Committee meets regularly with the independent registered public accounting firm, management and the Divisional Vice President of Internal Audit to review accounting, auditing, enterprise risk management and financial reporting matters, and compliance with laws and regulations. The Audit Committee also meets privately and separately with the independent registered public accounting firm, the Chief Financial Officer and the Divisional Vice President of Internal Audit.

Each member of the Audit Committee meets the independence, financial literacy and experience requirements contained in the corporate governance listing standards of the NYSE relating to audit committees. The Board of Directors has determined that all continuing Audit Committee members qualify as "audit committee financial experts" under the regulations of the SEC. Although all members of our Audit Committee meet the current NYSE regulatory requirements for accounting or related financial management expertise and the Board of Directors has determined that each of them qualifies as an "audit committee financial expert," members of our Audit Committee are not professionally engaged in the practice of auditing or accounting and are not technical experts in auditing or accounting.

Compensation Committee. During the past fiscal year the Compensation Committee held four regularly scheduled meetings and conducted one other via teleconference. The Compensation Committee is responsible, subject to the approval of the Board of Directors when applicable, for the following:

evaluating annually the Company's goals and objectives relative to the Executive Management Group members' performance in light of these goals and objectives. (The Executive Management Group includes the Named Executive Officers shown in the Summary Compensation Table on page 38 and other business unit presidents and Company executives over major organizational functions reporting to the President or other senior executives);

conducting annual performance reviews of the Company's Executive Management Group members;

establishing guidelines for a compensation strategy for executives and measuring the performance of the Executive Management Group members against these guidelines;

reviewing and making recommendations to the Board of Directors regarding executives' cash and equity-based compensation plans; and

reviewing and approving any benefit plans, retirement and deferred compensation or other perquisites offered to the Executive Management Group members.

Corporate Governance and Nominating Committee. During the past fiscal year the Corporate Governance and Nominating Committee held four regularly scheduled meetings. The Corporate Governance and Nominating Committee is responsible for:

reviewing and recommending individuals to the Board of Directors for nomination as members of the Board of Directors and its committees;

reviewing possible conflicts of interest of Board members and the Company's executive officers;

developing and reviewing the Company's Corporate Governance Guidelines;

reviewing and administering the Company's Codes of Business Conduct and Ethics;

reviewing the Committee's new Director orientation program and continuing Director education programs;

producing and providing to the Board an annual performance evaluation of the Board, its members and each committee of the Board;

Table of Contents

establishing succession procedures in the case of an emergency or the retirement of the President; and

r